

NEWS RELEASE FROM

Detroit City Council

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COUNCIL PRESIDENT MARYANN MAHAFFEY PRESENTS ALTERNATIVE “REALISTIC AND REASONABLE” BUDGET

**Council Presents Fiscally Responsible Balanced Budget that Maintains
Essential City Services and Proposes No Tax Increases;**

**Alternative Budget Protects Funding for Detroit’s Police Precincts,
Aligns Fire Department Administration and Operations with City’s Population;**

**Council Budget Adopts Mayor Kilpatrick’s 10% Reduction in Wages for Non-Uniform
Personnel, Extends it to Uniform Personnel, Department Directors and Council Members;**

Detroit City Council President Maryann Mahaffey today offered an alternative city budget that is balanced, maintains essential city services, proposes no tax increases and is founded upon revenue projections that are realistic and reasonable.

“Detroit City Council has adopted a plan that leaves Detroit’s general fund budget in balance without raising taxes and without reducing vital citizen services,” said Council President Mahaffey.

“Detroit City Council’s alternative budget is balanced, but much remains to be done to achieve total financial solvency,” said Council President Mahaffey. “While Council’s budget represents a vastly more realistic and reasonable road map to fiscal stability than does Mayor Kilpatrick’s proposed budget, it nevertheless depends upon a commitment by all Detroit stakeholders to a fundamental overhaul of how we plan to do more with less.”

“Detroit City Council determined quickly that the time to face financial reality is now,” said Council President Mahaffey. “City Council has stepped up to the plate with the leadership needed to steer the city back on a course of fiscal stability. We turned crisis into opportunity for change and reform.

“We faced difficult decisions and choices – the most painful any of us can ever remember. We identified a number of activities that we simply cannot afford to provide any longer because of the lack of available financial resources. The good news is that reality forces us to start now to make changes that will have long term benefits to the city and its residents.

“Using a program budgeting methodology, we were able to make sure that funding was intact for core essential services, and eliminated for non-essential, less effective programs. This is precisely the budget the city needs at this time.”

“The fact that declining state and federal resources negatively affect our ability to continue to provide essential services is inarguable,” continued Council President Mahaffey. “However, more than half of the projected \$300-plus million deficit is a result of the Kilpatrick administration’s failure to take the necessary steps to avert the budgetary crisis.”

Mahaffey stated the Kilpatrick administration's failure to adequately address the city's structural deficit in its 2004-2005 budget during his first year of office resulted in an even larger deficit to be paid in the 2005-2006 fiscal year.

"For each of the three years of the Kilpatrick administration, the budget has been balanced with one-time revenue fixes," stated Mahaffey. "The main origin of today's crisis is an over-reliance on a fiscal policy of 'borrow, borrow, borrow.' The city spent the last the last three years closing budgetary gaps by issuing bonds and we are now at our maximum credit limit.

"As revenue shortfalls occur, it is incumbent upon the administration to resolve the deficit by reducing appropriations," Council President Mahaffey continued. "The Kilpatrick administration failed to take these necessary steps. They have set a dangerous precedent of not handling deficits when they are initially known.

"Whatever the intent, the Kilpatrick administration has led Detroit to the brink of financial insolvency and possible state receivership.

"Our budget closes a budget gap of \$158 million," said Council President Mahaffey. "It does not raise taxes, and it ensures that the core services that residents expect and deserve will continue to be provided, such as police officers in our neighborhoods and more fire inspectors.

"Let us state loudly to the Chief of Police, citizens and members of the media: City Council did not make any cuts in funding for our police precincts. The Eastern and Western Operations appropriations – where funding for police officers who walk the neighborhood beats is located – was left intact. Let us repeat: our spending cuts are not directed to our precincts.

"We are troubled by misleading and inaccurate public statements made by the Chief of Police that she would have to cut precincts and officers with a reduced budget. Like all other department directors, the Chief must live within her budget. We all have to bear responsibility for restoring our city's financial health. If the Mayor closes three or four precincts, that is his decision – not ours.

"We decreased the number of individuals who hold high-ranking positions to ensure that those who are providing direct services to our residents are retained. This also bears repeating: the City Council recommends that any layoffs in the Police Department be made in the high-ranking, highly paid positions. If the Mayor and Chief of Police spare the managers and lay off the officers, it is their decision – not ours.

"City Council did not make these hard decisions to bring spending in line with revenues only to have Mayor Kilpatrick's administration continue to ignore the legal spending limits as has been done in the past," said Council President Mahaffey.

"This City Council will be vigilantly monitoring and demanding complete adherence to these legally established limits as defined in both the City Charter and state law," continued Council President Mahaffey. "City Council plans to monitor the administration's spending and its progress toward achieving revenue projections on a monthly basis.

"The City Council has shouldered its responsibility. We have achieved a structurally sound budget that lays a solid foundation for building our great Detroit house."

A summary of Detroit City Council's alternative budget follows:

Housing and Neighborhoods

- Providing an additional \$1.6 million for homeless services compared to Mayor Kilpatrick's proposed budget.
- Implementing a housing preservation strategy that begins by increasing the Community Development Block Grant (CDBG) home repair budget by more than \$460,000.
- Allocating an additional \$1.65 million in CDBG funds for senior citizen services.
- Allocating \$3.5 million in CDBG funds for the city's emergency senior home repair program – a \$1.5 million increase from last year's funding.
- Providing increased funding for public facility rehabilitation, jobs and health services.
- Providing funding for 52 more organizations than Mayor Kilpatrick's proposed CDBG budget.
- Reevaluating the validity of the criteria used to determine CDBG eligibility, in partnership with community representatives, to ensure the allocation process is fair, balanced and aggressively neighborhood-oriented.

City Services

- Restoration of funding to the Detroit Department of Transportation to provide city bus service, given that Mayor Kilpatrick's assumption that the Detroit Area Regional Transportation Authority would provide bus service is unlikely.
- Increased funding for the operation of Detroit City Airport in the amount of Mayor Kilpatrick's projected revenues.
- Eliminating Mayor Kilpatrick's proposed revenue assumptions in transferring the operations of the Detroit Historical Museum to the Detroit Historical Society.
- Restoring half of Mayor Kilpatrick's proposed cut to the 36th District Court's budget to help the court continue to fulfill its state-required responsibilities and eliminate the city's risk for greater liability.

Government Operations and Services

- Implementing a 20 percent cut in funding to all city departments.
- Adopting Mayor Kilpatrick's proposed 10 percent decrease in wages for non-uniform personnel and healthcare concessions, while extending these decreases to include uniform personnel.
- Adopting Mayor Kilpatrick's proposed \$10 million reduction in the city's overtime budget.
- Reducing funding to the Mayor's Executive Office and the Detroit City Council Office by 20 percent.
- Reducing funding to Detroit City Council's legislative divisions by 24 percent from the current year's level.
- Eliminating funding for the city's Communications and Creative Service Department, the Office of Financial Operations, the Office of Strategic Management and the Program Management Office, as these offices did not provide direct, core services to residents.
- Eliminating multiple deputy director positions, as the city charter only allows for one deputy director per eligible position.

- Transferring the Office of Targeted Business Development to the Finance Department, and changing its function to include direct service to Detroit based businesses and providing assistance to the city in controlling contracting costs.
- Reducing the frequency of bulk trash pickups to once every other month.
- Restoring funding for food sanitation workers, in that Mayor Kilpatrick's assumption that they would be transferred to Wayne County is faulty since the county is unable to assume this function, per Wayne County Executive Robert Ficano.
- Reducing the number of neighborhood city halls to five and recommending they be combined with police mini-stations, and that drug forfeiture funding be used to cover costs.

Police and Fire Operations

- **No cuts in funding for police precincts, with Eastern and Western Operations appropriations left intact.**
- Recommending that any Police Department layoffs be made in high-ranking, highly paid positions.
- Increasing the number of civilians performing jobs within the Police Department to allow more officers to be deployed on city streets.
- Using drug forfeiture proceeds to fund eligible activities, including the Police Athletic League and Explorer programs.
- Eliminating funding for the aviation unit, since this function can be provided by other means of safety rescue.
- Reducing the Fire Department's Operations and Administration budgets by 10 percent and 11 percent respectively to more effectively align the department with the city's population.

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